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October 17, 2008

BY HAND

The Honorable James M. Peck  
United States Bankruptcy Judge  
United States Bankruptcy Court  
Southern District of New York  
One Bowling Green  
New York, NY 10004-1408

Re: In re Lehman Brothers Holdings Inc., et al., Bankruptcy Case No. 08-13555

Dear Judge Peck:

We represent D. E. Shaw Composite Portfolios, L.L.C., D. E. Shaw Oculus Portfolios, L.L.C., and their affiliates in the above referenced matter. We are writing in response to the hearing that took place yesterday, October 16, 2008, specifically regarding the interim Order for continued use of Debtors' cash management system.

We respectfully request that the Court substitute the language in the attachment hereto, which is designed to preserve the status quo, for the preservation language that appears in the Debtors' proposed interim Order authorizing continued use of Debtors' cash management system. We agree with the majority of the language submitted by the Debtors, with the exception of (a) one line that appears to encourage all participants to pursue unilateral action—undermining the Debtors' desire to ease its burden to administer this sale in an orderly way and (b) with the Debtors failure to offer to other entities the same protection the Order provides to protect Debtors' own interest during this interim time period.

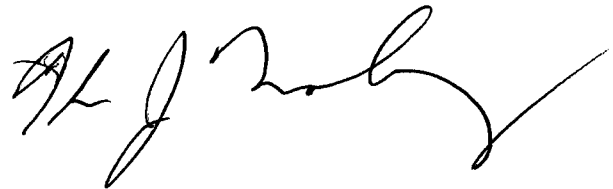
We understand and sympathize at this early stage in this case with the Debtors' desire to avoid having to engage in expedited discovery. However, at this time, when no

schedules of assets have even been filed, and when it appears, based on statements made in Court yesterday, that the Debtors may have been sweeping cash that was customer cash or customer property (which the Debtors had an obligation under state and federal law to safeguard), the Court should not enter an Order implicitly authorizing the use of such cash in a way that does not preserve the status quo.

There is no harm and, in fact, only benefit to the Debtors' estate from our proposed request. If parties are assured that their rights are preserved, their need for the expedited production of information is substantially alleviated. By agreeing to preserve the status quo, the Debtors will have earned the breathing room to organize its affairs in order to proceed in a more efficient and orderly process.

There is also analogous precedent for this request in the Refco Capital Management case in this Court, where the Court also had to deal with potential claims of customer and other forms of entitlement to funds held by the Debtors. The Court entered several general Orders to preserve the status quo as a prelude to limited coordinated discovery over a reasonable time schedule, which is a topic we look forward to addressing on November 5, 2008.

Respectfully submitted,

A handwritten signature in black ink, appearing to be "H. J. [unclear]", written in a cursive style.

Attachment

ORDERED that nothing in this Order shall be deemed to affect any entity's (and for the avoidance of doubt, including the representatives of other related insolvent estates) otherwise valid rights or claims under applicable agreements or applicable law, including, *inter alia*, (i) valid setoff or recoupment rights under applicable law, (ii) valid netting rights under applicable law, (iii) valid right under applicable law to impose an administrative freeze on any Bank Account, (iv) valid argument that it is entitled to a constructive trust, (v) valid property or ownership rights (legal or equitable), or (vi) valid legal or beneficial interests in cash or other property, and nothing herein shall affect the rights of any entity (including for the avoidance of doubt, the Creditors' Committee) to contest such entitlement and, if, and only to the extent, the use or transfer of funds hereafter pursuant to this Order effectively causes the loss of a claim of entitlement, such injured entity shall be entitled to an allowed claim under sections 364(c)(1) and 507(b) of the Bankruptcy Code having priority over all administrative expenses of the kind specified in sections 503(b) and 507(b) of the Bankruptcy Code as compensation for such loss.